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Imperial Oil Limited  
invites you to attend  
the annual meeting of  
shareholders  
April 23, 1987  
in Calgary.





Dear Shareholder:

It's my pleasure to invite you to attend your company's annual meeting of shareholders, to be held in Macleod Hall, the Calgary Convention Centre, 120-9th Avenue S.E., Calgary, Alberta, Canada on Thursday April 23, 1987, at 10 a.m. local time.

The meeting is called to consider the consolidated financial statements for the year ended December 31, 1986, the auditors' report, and receive a report of the company's operations for 1986 and the first quarter of 1987.

Shareholders will also be asked to elect directors, reappoint the auditors, and transact other business that may properly be brought before the meeting.

The management proxy circular, which includes information meeting regulatory requirements, the proxy form, and the company's 1986 annual report are enclosed. They contain information of importance to every shareholder and I encourage you to read them.

If you are unable to attend the meeting in person, we'd appreciate your support and participation by completing and returning your proxy so that your wishes may be known and your votes recorded.

*Arden R. Haynes*

Arden R. Haynes,  
Chairman, president and chief executive officer  
111 St. Clair Avenue West, Toronto, Canada, M5W 1K3  
March 23, 1987



# Management proxy circular

(dated as of February 28, 1987)

## Solicitation of proxies

This circular is furnished by the directors of Imperial Oil Limited in connection with the solicitation of proxies for use in voting at its annual meeting of shareholders on April 23, 1987. The proxies will be used in the election of directors, the reappointment of auditors, and in any other business that may properly be brought before the annual meeting.

Proxies will be solicited primarily by mail, but may also be solicited personally by employees. The company will bear the cost of the solicitation.

## How your proxies will be used

Shares represented by proxy (either on the accompanying form or on any other valid proxy) will be voted or withheld from voting, in accordance with the instructions given by the shareholder, on any ballot that may be called for at the annual meeting.

**In the absence of instructions, the shares will be voted for the election of directors and the reappointment of the auditors, as stated in bold type on page 2.**

The accompanying proxy gives the persons named in it the discretionary authority to act on amendments to matters identified in the invitation to attend the meeting or any additional matters that may properly be brought before the meeting. At the date of this circular, the directors of the company were not aware that any such amendments or additional matters were to be presented for action at the meeting.

## If you wish to revoke your proxy

As a shareholder, you can revoke your proxy for the annual meeting or any adjournment of the meeting in any manner permitted by law. This includes depositing a written statement signed by you (or signed by your attorney, authorized in writing) either, a) at the registered office of the company at 111 St. Clair Avenue West, Toronto, Canada, at any time up to and including the last business day before the meeting at which the proxy is to be voted, or b) with the chairman of the meeting on the day of the meeting.

## Information about your voting rights

As of February 28, 1987, there were 162,516,675 Class A convertible shares and 1,138,542 Class B convertible shares outstanding. Each Class A and B share registered in your name in the list of shareholders entitles you to one vote at the annual meeting. (At "class meetings" only the holders of that class of shares are entitled to vote). The list of shareholders is available for inspection during business hours at the registered office of the company at 111 St. Clair Avenue West, Toronto, Canada, and at the annual meeting.

The list of shareholders was prepared as of the close of business on March 20, 1987, which is the business day immediately preceding the day when the invitation to attend the annual meeting was sent. Should you have acquired more shares since the date of the list and can provide proof of ownership, you can have those shares added opposite your name in the list of shareholders, so long as you do so at least ten days before the annual meeting.

## Largest shareholders

As of February 28, 1987, the only shareholders who owned of record or, to the knowledge of the management of the company, owned beneficially more than five percent of the outstanding Class A or Class B shares of the company are described in the table following on page 2.



Title of class	Name and Address	Amount and nature of ownership	Percent of class	Percent of total shares
Class A convertible shares	Exxon Corporation, 1251 Avenue of the Americas, New York, New York 10020	113,874,815 shares owned of record and beneficially	70.070	69.6
Class B convertible shares	Newbell & Co. (1) c/o Royal Trust Company P.O. Box 730, Place d'Armes Montreal, Quebec H2Y 3J1	638,367 shares owned of record	56.069	0.39
Class A convertible shares	CDS & Co. (1) 2 First Canadian Place P.O. Box 32 Toronto, Ontario M5X 1A9	12,007,642 shares owned of record	7.389	7.34
Class A convertible shares	Cede & Co. (1) P.O. Box 20 New York, New York 10020	11,498,497 shares owned of record	7.075	7.03
Class B convertible shares	Swisstor & Co. (1) c/o Swiss Bank Corp. (Canada) P.O. Box 103 Toronto, Ontario M5J 1A7	58,528 shares owned of record	5.141	0.04

(1) To the company's knowledge, these are nominees in whose names shares are registered on behalf of a number of beneficial owners.

#### **Certain transactions with Exxon Corporation**

The net amount incurred by the company on transactions with Exxon Corporation and affiliates of Exxon was \$35 million in 1986. The terms of the transactions were competitive or as favourable as they would have been with unrelated parties. The transactions were to maintain supplies of crude oil, petroleum and petrochemical products to customers. Transportation, technical and engineering services were also performed and received. Exxon owns 69.6 percent of the outstanding voting shares of the company.

#### **Reappointment of the auditors**

Price Waterhouse have been auditors of the company for more than five years. Representatives of Price Waterhouse are expected to be present at the annual meeting and will have the opportunity to make a statement if they desire to do so. Such representatives are expected to be available to respond to appropriate questions.

Unless a proxy specifies that the shares it represents should be withheld from voting or voted against in the reappointment of the auditors, the potential proxyholders named in the accompanying proxy intend to use it to vote for the reappointment of Price Waterhouse as auditors of the company to hold office until the close of the next annual meeting.

#### **Your directors**

Your company has 10 directors. Each director is elected to hold office until the close of the next annual meeting.

**Unless a proxy specifies that the shares it represents should be withheld from voting in the election of directors, the potential proxyholders named in the accompanying proxy intend to use it to vote for the election of the following nominees, all of whom are now directors and have been since the dates indicated.**

The directors do not expect that any of the nominees will be unable to serve as a director. However, if that should occur for any reason prior to the meeting, the potential proxyholders reserve the right to vote the shares represented by proxy for another nominee at their discretion, unless the proxy specifies that the shares are to be withheld from voting for all director nominees.

The table following on page 3 provides information on the nominees for election as directors.



Name, age and current principal occupation or employment	Director since	Shares of Imperial Oil Limited beneficially owned(1)		Shares of Exxon Corporation beneficially owned (1)
		Class A	Class B	
J. Bruce Buchanan, 57, vice-chairman, British Columbia Packers Limited (fish and seafood)	Sept. 24, 1979	120	—	—
J.V. Raymond Cyr, 53, president, Bell Canada Enterprises Inc., (holding corporation: telecommunications, gas pipeline, natural resources)	April 23, 1985	200	—	—
Pierre Des Marais II, 52, chairman of the board, president, and chief executive officer, Carling O'Keefe Limited (brewery and wine products and natural resources)	April 22, 1977	120	—	—
Arden R. Haynes, 59, chairman of the board, president, and chief executive officer, Imperial Oil Limited	April 23, 1982 (2)	119	7 605	10
K. Terry Koonce, 48, president and chief executive officer, Esso Resources Canada Limited, (natural resources and a subsidiary of Imperial Oil Limited) (3)	August 1, 1986	108	—	1 841 (4)
Muriel Kovitz, 61, president, Murko Investments Ltd. (property and livestock)	April 22, 1977	1 320	—	—
William A. Macdonald, 59, partner, McMillan, Binch (barristers and solicitors)	April 22, 1977	1 080	—	—
Robert B. Peterson, 49, executive vice-president, and chief operating officer, Imperial Oil Limited (3)	October 1, 1984	3 350	102	—
Gordon H. Thomson, 45, president, Esso Petroleum Canada, a division of Imperial Oil Limited	April 23, 1985	340	—	—
William J. Young, 59, executive vice-president, and chief financial officer, Imperial Oil Limited	August 1, 1975	2 000	—	—
Nominees, officers and vice-presidents as a group (5)		18 167	7 724	1 851

(1) This information not being within the knowledge of the company, has been provided by the nominees, the officers and vice-presidents individually.

(2) Arden R. Haynes was previously a director of the company from April 22, 1974 to August 31, 1978.

(3) Esso Resources Canada Limited is a wholly-owned significant subsidiary of Imperial Oil Limited. Robert B. Peterson and

K. Terry Koonce are both directors of that company; Robert B. Peterson is also chairman of the board.

(4) This amount does not include 14 550 shares of Exxon Corporation that may be acquired pursuant to exercisable options granted by Exxon.

(5) The nominees, officers and vice-presidents consist of 21 persons who as a group own beneficially approximately 0.02 percent of the total number of outstanding shares of the company.



All of the nominees have been engaged for more than five years in their present principal occupations or in other executive capacities with the same firm or affiliated firms, except Pierre Des Marais II, whose principal occupation was president, Pierre Des Marais Inc. (printing and lithography), for more than five years before 1986 when he was appointed to his present positions with Carling O'Keefe Limited.

During the five years prior to his appointment as a director of Imperial Oil Limited on August 1, 1986, K. Terry Koonce was successively western division manager of Exxon Company U.S.A., headquarters operations manager of Exxon Company U.S.A., responsible for oil and gas operations in the western states, including Alaska, California, and Texas, and a director, president and chief executive officer of Esso Resources Canada Limited.

The following nominees are also directors of companies which are subject to reporting requirements under the U.S. Securities Exchange Act of 1934.

Director	Company
J.V. Raymond Cyr	Bell Canada Enterprises Inc.
J.V. Raymond Cyr	TransCanada PipeLines Limited
Pierre Des Marais II	Carling O'Keefe Limited
Arden R. Haynes	Power Corporation of Canada
Arden R. Haynes	Moore Corporation Limited
Robert B. Peterson	Interprovincial Pipe Line Limited (1)
Gordon H. Thomson	Interprovincial Pipe Line Limited
William J. Young	Interprovincial Pipe Line Limited

(1) Imperial Oil owns 22 percent of the voting shares of Interprovincial Pipe Line Limited.

#### **Directors—Meetings and Committees**

Your directors hold regular meetings and have established a number of committees to deal with specific areas of responsibility. The directors held 10 meetings in 1986; attendance averaged 94 percent.

Meetings of committees of directors are usually scheduled on the same day as meetings of directors. Attendance at all committee meetings in 1986 averaged 92 percent. The following are committees of the directors:

#### **Audit committee**

The committee, composed of the five nonemployee directors and Mr. Peterson, reviews the company's financial statements, accounting practices and business and financial controls. It also recommends the appointment of auditors and reviews their fees. The shareholders' auditors, Price Waterhouse, attend and participate in all meetings. The committee met seven times in 1986.

#### **Board compensation committee**

The committee, composed of the five nonemployee directors and Mr. Haynes, is responsible for decisions on the compensation of senior management above the level of vice-president. It also reviews policy on corporate compensation and the process by which future managers of the company are identified and selected. The committee met once in 1986.

#### **Contributions committee**

The committee, composed of the five nonemployee directors and Mr. Young, examines policies and programs related to the contribution program and recommends an annual budget for adoption by the directors. The company's contribution program is aimed at enhancing the quality of Canadian life through support for education, health, welfare, community services, sports and culture. The committee met four times in 1986.

#### **Nominations committee**

The committee, composed of the five nonemployee directors and Mr. Haynes, recommends to the directors the slate of director candidates to be proposed for election by the shareholders at the annual meeting. It also recommends criteria for the selection and tenure of directors, specific director candidates and the successor to the chief executive officer when vacancies are expected. The committee met once in 1986.

The nominations committee does not consider director candidates recommended to it directly by shareholders. According to the Canada Business Corporations Act, a shareholder who wishes to nominate director candidates may do so at the annual meeting and, subject to the requirements of the Act, may submit to the company a proposal to nominate director candidates. Such a proposal may be included in the management proxy circular for consideration by the shareholders at the next annual meeting, provided that the proposal is signed by one or more shareholders who in the aggregate represent at least five percent of the shares of the company entitled to vote at the meeting, as provided in the Act.



### The senior executives of your company

Name, age, and office	Office held since
Arden R. Haynes, 59, chairman of the board, president (1) and chief executive officer	April 23, 1985
Robert B. Peterson, 49, executive vice-president and chief operating officer	April 23, 1985
William J. Young, 59, executive vice-president and chief financial officer	April 23, 1985
William R.K. Innes, 44, vice-president, and president of Esso Chemical Canada, a division of Imperial Oil Limited	August 1, 1986
K. Terry Koonce, 48, president and chief executive officer, Esso Resources Canada Limited	April 23, 1985
Gordon H. Thomson, 45, vice-president, and president of Esso Petroleum Canada, a division of Imperial Oil Limited	July 15, 1982

(1) Arden R. Haynes was appointed president on October 1, 1982.

All of the above senior executives have been engaged for more than five years at their current occupations or in other executive capacities with the company or its affiliates. All senior executives hold office until their appointment is rescinded by the directors, or by the chief executive officer.

### The remuneration of your directors and senior executives

The aggregate cash remuneration (1) earned in 1986 by seven senior executives (including one former senior executive) as a group, while serving as senior executives was \$2,636,470.

The five most highly compensated senior executives of the company in 1986 were:

	Cash remuneration (1) earned in 1986 (dollars)
Arden R. Haynes	660,000
Robert B. Peterson	457,000
William J. Young	449,600
K. Terry Koonce (2)	384,800
Gordon H. Thomson	364,600

(1) Consists of salaries, bonuses, company contributions to the Employees Financial Program, and payments to K. Terry Koonce related to his transfer from Exxon Corporation, including payment of contributions on account of his participation in Exxon's Thrift Plan for employees. Employee contributions to the Employees Financial Program are matched by the company to a maximum of five percent of base salary.

(2) K. Terry Koonce does not participate in the company's benefit and compensation plans, but does participate in Exxon's benefit and compensation plans for which the company reimburses Exxon for certain of those costs.

Apart from the compensation set out on this page and under the plans described on the following page, the aggregate cost of other compensation that was not received as cash for service during 1986 by the seven senior executives (including one former senior executive) as a group, did not exceed \$70,000.

Directors' fees are paid only to nonemployee directors. Nonemployee directors are paid an annual fee of \$14,000 for their services as directors, plus \$2,000 for each committee on which they serve, an additional \$1,000 if they serve as chairman of a committee and \$750 for each directors' or committee meeting attended.

### Long term incentive compensation

Long term incentive compensation is granted to retain selected employees and reward them for high performance; the compensation is in the form of units. The potential value of each unit is determined in one of two ways, whichever is higher: (1) the amount by which earnings per share in the year preceding exercise of the unit exceed an average of earnings per share in previous years, or, (2) the amount by which the market price of Class A shares at the time of exercise exceeds a base value determined from the price of Class A shares at the time the units were issued.



The units will only have value if either the company's earnings or the market price of Class A shares increase as described in (1) and (2) above. Any resulting payments are made by the company when the employee exercises the unit or in any other manner the company considers appropriate. Each unit is exercisable during a specified number of years beginning after a fixed period.

The following table provides additional information about units granted under the plan.

	Units granted during 1986 (1)	Cash realized during 1986 on exercise of units granted in previous years (dollars)
Arden R. Haynes	22,245	67,142
Robert B. Peterson	14,840	52,511
William J. Young	14,240	295,975
K. Terry Koonce	—	—
Gordon H. Thomson	11,345	222,747
seven senior executives as a group (including one former senior executive) (2)	81,840	697,725

(1) These units are not currently exercisable. Payment on exercise of these units would be based on an increase, if any, over \$3.12 in earnings per share in the year prior to exercise or over \$31.84 in the market price of a Class A share, subject to a maximum limitation.

(2) The company has accrued \$1,061,338 in 1986 in respect of future payments under this plan to this group for units granted in previous years which were exercised in 1986.

#### Payments to employees who retire

The company's pension plan applies to almost all employees. The plan provides an annual pension of a specified percentage of an employee's "final three year average earnings", multiplied by the employee's years of service, subject to certain requirements concerning age and length of service.

In addition to the pension payable under the plan, the company has paid and may continue to pay a supplemental retirement income to selected executives. The following table shows the estimated undiscounted annual payments, consisting of pension and supplemental retirement income, payable on retirement to persons in specified classifications of remuneration and years of service. The remuneration used to determine the payments on retirement to the individuals named in the remuneration table on page 5 corresponds generally to the remuneration shown in that table. K. Terry Koonce is not a participant in the company's pension plan. As of

February 28, 1987, the number of years of service under the pension plan were 36 for Arden R. Haynes, 26 for William J. Young, 27 for Robert B. Peterson, 23 for Gordon H. Thomson.

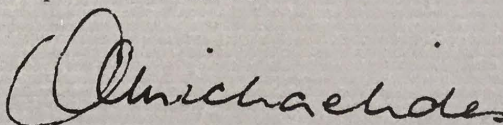
Remuneration for determining payments on retirement (dollars)	Estimated undiscounted annual payments on retirement at the age of 65 after years of service indicated below (dollars)				
	20 years	25 years	30 years	35 years	40 years
350 000	112 000	140 000	168 000	196 000	224 000
400 000	128 000	160 000	192 000	224 000	256 000
450 000	144 000	180 000	216 000	252 000	288 000
500 000	160 000	200 000	240 000	280 000	320 000
550 000	176 000	220 000	264 000	308 000	352 000
600 000	192 000	240 000	288 000	336 000	384 000
650 000	208 000	260 000	312 000	364 000	416 000
700 000	224 000	280 000	336 000	392 000	448 000
750 000	240 000	300 000	360 000	420 000	480 000
800 000	256 000	320 000	384 000	448 000	512 000

#### If you have a proposal

Any shareholder's proposal that meets the provisions of the Canada Business Corporations Act, and is intended to be presented at the next annual meeting of shareholders, must be received by the company no later than January 21, 1988. The proposal can then be included in the management proxy circular and the proxy for the next annual meeting.

The directors have approved the contents and the sending of this circular to shareholders.

Imperial Oil Limited



R.J. Michaelides  
Vice-president, public affairs  
and general secretary

Toronto, Canada  
February 28, 1987

In addition to this management proxy circular and the company's 1986 annual report, you may obtain a copy of the company's latest annual information form by writing to the investor relations manager or the vice-president, public affairs and general secretary at 111 St. Clair Avenue West, Toronto, Canada, M5W 1K3. That form contains additional information about the company and is filed each year with Canadian securities commissions and administrators.